

Seminar on Interchange of Personnel

A WORKING PAPER

by

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Introduction

In an inspiring inaugural address to the First National Management Convention held on February 12, 1971 the Prime Minister referred to the "new environment in India, an environment of change, a change brought about by an awakening among the people who demand a fair deal for themselves and for their children". This new situation, she warned the august managerial gathering, constituted a great challenge and all those who were concerned with the management of offices, farms or factories, private businesses or public undertakings, whether they are called business executives or civil servants, "will have to measure up to this challenge".

The fourteen day war with Pakistan which ended in a blaze of glory for India was a shining example of how we measured up to this challenge. This stupendous result was possible by the pooling of expertise at all levels, the co-ordinated activity of the civil and the military administration, the precision and timeliness with which all movements were characterised and the disciplined loyalty of business and bureaucracy, the politicians and the people. What interchange seeks to achieve is the same result at a lower level and in a different sphere, by the pooling or exchange of competence and decision-making capacity between the various institutions working for the common good, viz. Government, the Public and the Private Sectors and the Universities.

No Policy of Interchange Adopted So Far

Though there have been sporadic attempts in some countries to interchange personnel at certain levels of authority between different sectors, such as by the induction of people from outside into Government or by the lateral entry of persons engaged in industry and business into Government or even by the deputation of officers from Government to the Public Sector and Co-operative Organizations, interchange of personnel as a deliberate policy of administration does not appear to have been adopted anywhere. The Fulton Committee reporting on the British Civil Service in July 1968, advocated for the first time such a policy. Its recommendation was categorical. It stated :

"Determined efforts are needed to bring about the temporary interchange of staff with private industry and commerce, nationalised industry and local Government on a much larger scale than hitherto. We acknowledge the undoubted difficulties. But the value of interchange both to the service and the other employments concerned, is so great that energetic efforts should be made to overcome them. We think that a considerable expansion of interchange is feasible. War time experience proves beyond doubt the value of such movement in promoting mutual knowledge and understanding. Coming at the right stage, experience in a changed environment can also be of decisive importance in the individual's development. Interchange should be a two way process (though not necessarily head for head) covering both administrative and specialist staff from the level of Higher Executive Officer and equivalent upwards."

Fulton Committee's Recommendation

The provocation for this recommendation of the Fulton Committee and a similar recommendation made by the Administrative Reforms Commission (India) Study Team on "Promotion Policies, Conduct Rules, Discipline and Morale" is the realisation that administration is no longer a problem merely of how to enforce law and maintain order but a sophisticated exercise in economic and social development for which specialised knowledge and equipment are necessary. This knowledge and equipment have to be imported from industry or business or even the academic profession. On the other hand, business institutions and industry can no longer content themselves merely with efficiency and productivity or the maximisation of profits, however important and fundamental these considerations are. A higher objective related to the good of the community has to inspire the activities of business. Universities can no longer be purveyors of economic theories divorced from realities, nor preach public administration in isolation from the practical situation obtaining outside. Government, the Private and the Public Sectors, and the Universities have to teach each other and learn from each other. The hierarchical system of administration must yield place to the constellational system for which purpose a philosophy of interchange would be a *sine qua non*.

Rationale of Interchange

Thirteen papers have been presented to the Seminar discussing the various aspects of the principle of interchange of personnel between Government, the Private and the Public Sectors, and the Universities. *Shri D. R. Pendse* who delivered a talk to the members of the Maharashtra Regional Branch of the Indian Institute of Public Administration in May 1970 has contributed an extensive introduction to the background of the subject in his paper on "The Rationale of Interchange" in which he has spelt out the methods and programme of interchange, the pitfalls and difficulties that have to be avoided and the manner in which a

positive programme of interchange can be worked out. According to him three factors are absolutely essential if the policy of interchange is to yield the best results. First, the intersectoral mobility must be sponsored and encouraged by the employer. Secondly, the interchange must be for specific periods, say up to three years at the end of which the loaned officers will revert to their original employment. Thirdly, the secondees must be among the most capable and outstanding people in the organization. The absence of such officers in the parent organization must be felt as a real loss and not "good riddance of bad rubbish". The advantages of such secondment are mutual, immediate to the organization to which the employee is seconded and ultimate to the seconding organization. There are of course difficulties in this system. The seconded may like to make his career in the new organization or conversely find it difficult to adapt himself to the new climate which may make exacting demands on his patience and tact. A distrust between him and his colleagues in the new organization might make him either pessimistic or incapable of delivering the goods. All the time perhaps there is a lurking fear of becoming unwanted in his parent organization. Out of sight may soon become out of mind; and ambitious as well as crafty people are not wanting in any organization to take advantage of the situation and keep the seconded permanently out by making him a dispensable quantity. *Shri Pendse* however concludes that while the difficulties of interchange are real, the advantages of such a policy are positive. The risks are certainly worth taking because the gains are of a long term nature.

**Interchange
Prima Facie
Valid and
Useful**

None of the contributors doubts the utility of the principle of interchange. *Shri Banerji* however considers that "interchange is useful if it is used as a catalyst for fresh thinking and critical appraisal of roles. It is not a substitute of policies for proper organizational planning and development. The organizations must in the main rely on their own cadres and adopt measures to increase their capability and motivation". *Shri Bhave* considers on the other hand that while the main advantage of interchange would be the "removal of mutual distrust, a more effective method to do this would be to organise a large number of courses on the pattern of what the Administrative Staff College does". According to *Shri Boga* interchange "if implemented judiciously will create and foster the right spirit of interdependence from which will emerge a vibrant and vigorous dialogue at all levels of intersectoral activity". *Shri Iswaran* is positive about the advantages accruing to governmental administration by the induction of personnel from the other sectors in the form of "introduction of fresh blood", "availability of recent experience" and a "flexibility in administration". On the other hand the induction of Governmental people in the other sectors will result in accentuated efficiency, by the introduction of "objectivity, fair dealing and more systematic operations" which are the peculiar chara-

cteristics of Governmental administration. In *Shri Pardasani's* view a "programme of interchange based on general considerations of promoting goodwill and understanding between different sectors or of securing mutually beneficial exchange of knowledge and experience in general would be of doubtful value". According to him "a specific form of mobility implied in interchange of personnel has to be considered as one of the alternative ways of securing a social purpose." *Shri Prabhakar's* suggestion however is simple and straightforward. According to him, "in the present conditions, a practical way of obtaining the advantages to be derived from an interchange of personnel between different sectors is by bringing them together at Universities." *Shri Raj* finds positive advantages accruing from a deliberate policy of interchange between Government and the Private Sector. "Government officials will become more cost conscious and time conscious" and "Private Sector managers will become less prone to exasperation" and "more amenable to working within a frame-work of policy guidelines". *Shri Pal* had highlighted the value of the principle by an extensive reference to its practical application in the Maharashtra Agricultural Development and Fertilizer Promotion Corporation Ltd. which obtained a covenanted Manager from Hindustan Lever to attend to the marketing of bacon products. He also refers to a similar enriching experience in the Agricultural University where the secondment of persons from the Industry for limited periods would be advantageous to both the University and Industry. *Shri Jayaraman* hits the nail on the head when he says that "as in the case of all good ideas the actual results, benefits or otherwise, will depend very much on the behaviour and performance of the selected official as well as the borrowing organization". He quotes with approval an observation of the late *Dr. Vikram Sarabhai* who said that "the transfer of men for accomplishment of tasks is one of the best practical ways of transferring technology, know-how and an operating culture".

An example of interchange with which we are fairly familiar in India is that of persons in the service of Government being deputed to man important positions in the public or the co-operative sector. The practice of personnel from Government being deputed to the public sector has come in for caustic comment and severe strictures. It is alleged that these persons are only "birds of passage" who are more interested in the furtherance of their own prospects than the future of the organizations which they serve. They are considered obscurantist in aims, antiquated in techniques and dilatory in despatch of business. As against this a few eminent men who, at great sacrifice, have left the private sector to head public sector organisations have spoken with warmth of the dedication and single-mindedness of purpose of the personnel deputed from Government. *Shri Bedekar* considers that suitable officers of Government dealing with industrial development may be considered for deputation to public sector under-

Spheres and Areas of Interchange

takings and executives from public sector undertakings deputed to private industry and vice versa. He would prefer a direct exchange between Government and the private industry to await the result of the initial exchanges. *Shri Iswaran* would limit the experiment of interchange to the technical and commercial sectors of Government and exclude the administrative sectors. Strong and positive support has been given by *Shri Kulkarni* to the interchange between the private and the public sector, particularly between enterprises of the same type and character. Examples include the hotel industry which has units both in the public and in the private sector, the transport industry, and the field of State Trading in which the interchange between the public and the private sectors is "not only useful but is actually a must". *Shri Pardasani* is in favour of the utilization of high grade university teaching staff for work in Government. *Shri Subramanian* considers the exchange between the universities and the Government a non-controversial type of interchange. This is mainly because the perquisites in the private sector are generally not available in the universities and the Government. He considers the prospects of interchange between Government, the Public Sector and Private Industry as distinctly bleak owing to marked differences in the approach and in the service conditions of managers in these three sectors. *Shri Jayaraman* on the other hand is extremely optimistic about the possibilities of a successful programme of interchange being worked out in respect of "skilled personnel, technical as well as managerial, between Government departments and organizations as well as between the public sector on the one hand and private sector as also universities and institutions of advanced teaching on the other". In working out a programme of interchange between Government and the other organizations, it is wise to remember the differences between these two types of institutions without adopting any of the extremist attitudes either of *Paul Appleby* who considers "that the dissimilarity between Government and all other forms of social action is greater than any other dissimilarity among those other forms themselves" or of *Simon, Smithburg and Thompson* who acclaim that "large scale public and private organizations have many more similarities than they have differences". The truth lies somewhere in the middle.

Levels and Period of Interchange

Having accepted the validity of the principle of interchange and indicated the areas of administration in which such interchange is possible, we are ready to consider the question of the levels at which such interchange is possible or practicable, the period for which the interchange should be effected and the intensity of the experiment to be undertaken. According to *Shri Bedekar* only executives who have "about ten years' experience in one's own organization in different posts and adequate grounding in principles of management/administration and a keen desire to learn and are open to new ideas and experiences should be

preferred. *Shri Bhawe* feels that if the atmosphere of mutual distrust is to be removed interchange should be practised on a "very massive scale". *Shri Boga* would restrict the period of exchange to a period of about one year because if the best results are to be achieved interchange should be organized for shorter periods with greater numbers participating. *Shri Subramanian* has strongly advised against the interchange of personnel on a part-time basis. He has rightly stated that "the involvement that interchange implies cannot be achieved by such part-time secondments". *Shri Jayaraman* has suggested that the "deputation time be realistically fixed on the basis of time span for execution of the assigned tasks".

Opinion seems to be practically unanimous that the interchanges should be for a limited period for the following considerations:

- (1) To enable as large a number of persons as possible to get themselves benefited and also to benefit the parent organization as well as the organization to which the person is seconded.
- (2) To preserve the integrity of the organization and to enable it to develop its own personnel who would naturally come under the influence of the secondees.
- (3) To prevent heartburning and dissipation of morale in consequence of the permanent and large scale induction of "outsiders".

On the question of the levels at which the experiment is to be conducted as well as the scale and intensity of the experiment, only a few of the contributors have expressed categorical views. However, the following considerations need to be borne in mind before the question can be answered:

- (1) There is obviously no advantage in interchange being tried at lower than middle management level. Similarly, if the scheme is confined to top management the advantages are likely to be only peripheral. To have any impact, the scheme will have to be tried at the middle management level and above, where persons generally have the desire to imbibe and the capacity to impart.
- (2) The experiment should be confined to fields which are related and/or comparable. Nothing is to be gained by the interchange of personnel between Messrs. Hindustan Steel Co. or the Department of Steel in the Government of India on the one hand and Messrs. Associated Cement Cos. Ltd. on the other, or between Messrs. Hindustan Levers on the one hand and the Ministry of Transport and Communications on the other. The examples might border on the absurd but they have been given to highlight the point about comparable and related fields.

- (3) Regarding the intensity of the experiment it is obvious that the "one swallow in summer" attitude would have no meaning. A sizeable number of persons should be involved in the programme. There might be a difference of opinion about the view that the experiment should be tried on a massive scale, but discretion would dictate that we do not err on the other extreme and try the experiment in a marginal fashion.

Limitations and Risks in Execution of Programme

As has been mentioned earlier, there are limitations to the scope of the programme of interchange and also some attendant risks for which adequate safeguards are required. Some of the important limitations have been brought out by *Shri Subramanian*. They are:—

- (1) Considerations other than capability may influence the selection of personnel for secondment.
- (2) The secondee might face an unfavourable environment particularly if he has too many ideas (fresh or conventional) which the borrowing employer and his permanent group find it difficult to digest.
- (3) An independent secondee may be a source of friction under the borrowing employer; and both the borrower and the secondee can only look forward to the early termination of the interchange.
- (4) The homecoming process in interchange can never be well-regulated because secondees who are comfortably ensconced might stay on indeterminately or they might be found inconvenient and edged out.

Shri Banerji has posed in this connection a fundamental question, viz., "To what extent does our social and cultural milieu thwart mobility? Or is it that the mores and norms of behaviour and the value structure significantly vary from sector to sector?"

Shri Isvaran feels that in the administrative services there is a strong clannish feeling and even between one service and another there is a considerable feeling of exclusiveness. To overcome this and promote the bringing of fresh blood at intermediate levels it will be necessary to initiate action at the political level in the administration. Similarly the public are generally apathetic to problems of administration and therefore it will be necessary to suitably educate public opinion before the public expresses itself sufficiently strongly in favour of a definite policy of interchange.

Shri Pardasani has drawn attention to some of the main risks attendant on programmes of interchange.

- (1) The present disparity of pay-scales prevailing in the different sectors may lead to unnecessary movements not strictly called for on the basis of need alone, but canvassed to secure advancement of individuals.
- (2) The differences in organizational set up and pay-scales are likely to cause frustration and discontent among those working in the lower paid organization.
- (3) Short attachments to private concerns might in many cases develop new qualities among government officers some of which may not be conducive to the proper discharge of their duties in the public service.

Finally, as *Shri Raj* has pointed out, a very important risk is that conflicts of interest might arise. The government official may have developed contacts during his spell in private industry that might influence his conduct when he is back in government.

The limitations and risks which have been mentioned above are real and it will not do to ignore them as being irrelevant or immaterial. Nevertheless they need not deter us from undertaking a programme of interchange of tested validity. Methods would have to be devised in order to overcome the limitations and minimise, if not eliminate, the risks. For example:—

Remedial Measures

- (1) It might be desirable to have for each State or for convenient groups of areas of interchange, a high level committee of eminent and independent personnel from Industry and Business, the Universities, the Public Sector and Government, which will be responsible for making the selections of the secondees looking to their qualifications, experience and reputation.
- (2) The grounding period whether in Government, the public sector or the private sector may in some cases be quite long, with the result that the secondees would find it difficult to enter upon his work in an active manner unless he has knowledge of the peculiarities, whether in policy or procedure, of the organization to which he is seconded. This teething period can be made smoother if the persons selected for secondment can be given a short training course to enable them to absorb the peculiarities of the organization which they will be expected to serve.
- (3) The High Level Selection Committee should also be charged with the responsibility of periodically reviewing the progress of the arrangements for interchange, the benefits transmitted to the parent organizations and the organizations to which the officers have been seconded, the difficulties that inhibit the satisfactory execution of the arrangements, whether any psychological barriers

exist, preventing a successful execution of the programme and if so what remedial action is possible. The Committee should consider, in case the programme is a success in some areas, how it can be extended in the same area or introduced in new areas of administration. In order to inspire confidence in the administration of this programme, the Committee should be allowed to function with complete autonomy and a convention should be established whereby its advice or recommendation should be accepted without question or demur. The Committee might even suggest the exclusion of certain areas completely from the ambit of this programme e.g. where official secrets are involved, where embarrassments are likely to be caused on account of diplomatic privileges, or where maintenance of law and order is the prime function. There is no reason to think, in my opinion, why a meaningful programme of interchange cannot be worked out with the help and guidance of this Committee.

Disparity in Emoluments

One final point needs a little discussion. This concerns the question of remuneration. There is a great disparity in the emoluments and perquisites available in the private sector on the one hand and in the Universities and the Government on the other. The scales of remuneration in the public sector are more or less the same as in Government but in the matter of perquisites and allowances the Public Sector has been following the practices prevailing in the Private Sector. When personnel from Government are deputed to the public sector projects they are entitled to a deputation allowance up to certain prescribed limits. In formulating and executing a programme of interchange this factor of differential remuneration will have to be carefully borne in mind. There may have been a case or two of a distinguished person from the private sector voluntarily forgoing the higher emoluments and the numerous perquisites available to him and taking up an assignment in the public sector or Government or in a University. But it will not be practicable to formulate a positive programme of interchange on the basis of the exceptional sacrifices made by a microscopic minority of dedicated and missionary individuals. On the other hand, the call for a standard remuneration policy will at the present moment be a far cry. This disparity will inhibit the traffic in the direction of the less affluent sectors, *viz.* Government and the Universities. There will be no obstruction in the traffic to the private sector as the remuneration in this sector is comparatively attractive. Some solution to this problem will have to be found.

A suggestion has been made that the private sector should continue to pay the difference in remuneration between what is available in that sector and what is available in government in

the case of a person from the private sector being inducted in government. The wisdom of this solution is arguable since it may not be considered desirable for government to be indebted to the private sector as that might compromise the position of the individual also.

Another suggestion is to adopt the American pattern of transferring the pension fund from one employer to another, or if the employee so desires, to allow him to take out the fund and invest it to give him an income.

A third suggestion is that the secondee should, in case he goes to an organization in which the scales are lower, retain his own scale and draw the higher emoluments in case the organization to which he goes has higher scales of pay. From this it would follow that organizations may have to make special provisions for paying the secondee higher emoluments than would have been available to him had he been an employee of that organization. To ensure that the programme of interchange does not result in frustration to the secondees it is necessary that the suggestions made above are considered and a solution found to the problem of disparity in emoluments.

From the foregoing discussion the following issues emerge for consideration. The Seminar might like to discuss these issues and express its views on them:—

Issues for Consideration.

1. Is the principle of interchange of personnel between government, the public sector, the private sector and the universities valid in the context of the present stage of public administration in this country and therefore in principle acceptable?

(A) Validity and Application of the Principle

2. Would the principle of interchange, if generally adopted, conflict with a planned policy of recruitment of personnel and make organizations dependent upon a recurrent supply of personnel from outside?

3. What are the safeguards to be provided to prevent the excessive dependence of institutions on "borrowed executives"?

4. What are the social purposes which should animate a policy of interchange of personnel?

5. Are the beneficial results of a policy of interchange derivable from an accentuation of training courses and get-together activities in staff colleges and universities?

6. What are the spheres and areas in which interchange is feasible?

(B) Spheres and Areas of Administration

to which Interchange can be applied

7. Should the principle be limited to certain types of specialist activities such as technical, economic, commercial or is there also a possibility of fruitful interchange of what are called in modern public administration, generalists?

8. Should interchange be confined to the public sector and government, or government and the universities; or could it be extended to the private sector and the public sector, and the private sector and government?

9. Conversely, should any area viz. private sector/universities be excluded from the purview of interchange?

10. Are the dissimilarities between "Government and all other forms of social action" so great as to make a programme of interchange impracticable?

(C) Levels, Period and Scale of Interchange

11. What are the levels at which interchange is (a) possible, (b) desirable?

12. Is it necessary to prescribe any maximum or minimum period for each case of interchange? If so, what are the advantages?

13. Should the programme of interchange be experimental or would it be desirable to try it on a large scale in the interest of the programme making an impact?

(D) Limitations and Risks in Programme of Interchange

14. Do you consider there are limitations to the programme? Are they so substantial as to affect the programme of interchange?

15. What are the remedial measures the Seminar could suggest to overcome the limitations?

16. What are the risks attendant on the application of the programme of interchange?

17. What are the safeguards the Seminar would like to suggest for prevention of these risks?

18. Can the Seminar make any concrete suggestions for making the programme of interchange smooth and meaningful?

(E) Scale of Emoluments

19. In view of the disparity between the scale of emoluments in the different sectors, what are the suggestions the Seminar would like to make to remove or reduce this disparity so that the programme of interchange may not fail on this account?